

# Service Disabled Veteran Owned Small Business and the Stimulus Package

## I. How did the Marketplace for the SDVOSB get where it is today.

- A. Struggling in the commercial market due to lack of work.
- B. The SDVOSB set aside is only applicable to Government work.
  - 1. Struggling due to the lack of work, they can't bid on big jobs. Not a lot of small jobs are available to bid.
  - 2. No SDVOSB set-asides from NAVFAC and minimal number for ACOE. VA has most, but a \$300K job probably has 25 bidders. Ridiculous pricing, immature bidders and \$350 K painting contract awarded at \$225K.
  - 3. Coast Guard is just beginning to have SDVOSB set asides.
- C. Due to the lack of set asides or work sized at 250K-3M the SDVOSB's have not matured. The government agencies have been counting 8(a) awards and small business awards when awarded to SDVOSB companies as a SDVOSB award.

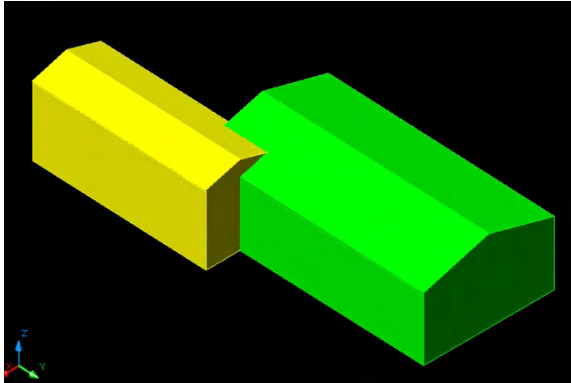
Project Name	Awarded 8(a)	Credited as 8(a) and SDVOSB
Bldg 710 Warehouse Renovation Ft Belvoir, VA	X	X
Office Renovation Waterfield Bldg Norfolk, VA	X	X
HVAC Bldg 41 Northwest River Annex Chesapeake, VA	X	X

- D. In the Tidewater area where there is a large concentration of government entities there is little work for small businesses like **ARRIBA**. As a result we had to travel to Fort AP Hill and the Pentagon to find work. The work at Ft AP Hill is being done on an 8(a) Basic Ordering Agreement (BOA) and the awards to **ARRIBA** are also being counted for the SDVOSB Goals.

### 1. Some of our projects include:

- a. Racquetball Court
- b. Out Buildings
- c. Sprinkler System
- d. Family Housing Kitchens
- e. Running Track

Ft. A.P. Hill Racquet Ball Court Pictures



## II. Why has all of the maintenance and remodeling work in Tidewater dried up?

The simple answer is BRAC! When Congress directed the services to implement BRAC they failed to provide the funds to do the advanced planning and design. Due to the lack of funds the ACOE & NAVFAC, the two organizations which plan, design, manage and contract construction work for the ARMY, NAVY, AIRFORCE and MARINES, took the funds out of operating budgets and postponed or cancelled other work. All services were impacted, both positively and negatively, by BRAC.

At the time BRAC was proclaimed neither ACOE & NAVFAC had adequate designers and planners so outsourcing was the only option. Funding had not been provided but the end date of October 1, 2011 had been set in stone by Congress. As a result the maintenance and renovation budgets were tapped to pay for the short fall.

Even with the reallocation of internal funds things became worse. There was a lack of inspectors and contracting specialists. Because of the mass amount of work to be completed and the timeline available many concerns needed to be addressed.

- Where will the additional workforce come from?
- How can the two agencies manage the huge unprecedented construction projects?
- Budgetary pricing of the projects was extremely conservative & was completely out-dated by the time projects were to be awarded.
- And other similar issues having a broad range of impact came to light.

The overall result was the small business work in 2006-2008 dried up. In 2006 & 2007 the budgets at Ft Eustis, NAS Oceana and Dam Neck were zeroed out.

**Example:** in 2005 a lot of effort was expended when **ARRIBA** competed for and won an 8(a) multi-trade contract at NAS Oceana. After competition the pricing structure was negotiable, taking a lot of time for both sides. The result was 6 delivery orders for a total of \$607,249.00 out of a possible \$3.4 million through three option years.

In 2008 a Contracting Officer, who has recently retired, stated that all of his funds were redirected. He had projects 3-5 years old still viable with no funds.

A similar situation occurred at Ft Eustis where an 8(a) Basic Ordering Agreement was put in place with a 3.5M ceiling to do renovation and maintenance. One delivery order for \$149,525.00 has been issued. Only \$200K has been obligated under this BOA. Here again these examples are from the 8(a) set-aside world and even this picture is grim.

## Ft Story Dining Facility Pictures



Because the housing and small commercial construction work has also dried up the industry is in desperate straits. In order to keep work on back log **ARRIBA** has looked elsewhere for work. One place has been the Department of Veterans Affairs (VA) doing security upgrades.

The VA has authority to “Sole Source” to SDVOSB companies up to \$3.5M for construction and \$5M for services. The VA has a lack of personnel as well in the areas of Contracting & Construction inspectors. Their short fall is so great that the VA has gone to the ACOE for procurement assistance. Because **ARRIBA** was a known entity in the VA VISN 6 for security (our first 8(a) contract is provided below) a Sole Source SDVOSB contract for the design and construction of security upgrades for 5 VA Medical Centers was put in place rather quickly, about 2 weeks for \$1.9 million. Had this same work been competed it would have taken a minimum of 4 months and added cost of \$50 to \$75K for the Government.

VA Medical Centers Security Upgrades Pictures:







SDVOSB's can be a part of American Economic Recovery. Throughout the history of the USA deep Recessions and even Depression is salvageable only one way and that is to get money into the hands of the unskilled, semiskilled, and craftsmen workforce. The bulk of these people and their families can be found in the Construction Industry. Helping small SDVOSB's in the Construction Industry will reemploy a large part of the unskilled, semiskilled and skilled craftsmen currently unemployed.

There would be added benefits to the community resulting from the developing of viable new businesses. Work on military installations, Pentagon, and Defense Supply Center guarantees that only US Citizens and bonafide legal aliens are allowed access. The screening of a contractor's employees prior to badge issuance will automatically ensure the stimulus funds are spent with American workers eliminating the question of illegal aliens benefiting from such funds. In a short time; 2011, October 1 a large work force will all of a sudden become available and looking for work after the BRAC build-out. Developing the SDVOSB by doing projects back-logged on bases at VA hospitals and FEMA will create a need for many of the displaced workers once BRAC is complete.

Large Business is currently performing most of BRAC and infrastructure construction. By the end of 2011 the housing and light commercial construction work should be returning to the economy and would once again be a mainstay in the US Economy.

It's plain to see that the two largest Construction Management Organizations, ACOE & NAVFAC, are under staffed and taxed to the limit with BRAC and pending maintenance issues. As a result handing them funds for construction as part of the economic stimulus will not help and could only exacerbate the current situation. These organizations along with the VA are overwhelmed with requirements, lack of staff and a large backlog of maintenance/renovation work biting their heels. These staffs are dedicated but need some tools that would relieve some of their problems.

### **III. What is needed to change the current situation and make use of the SDVOSB assets to grow the economy with the stimulus package?**

All of the VA Medical Centers and the military bases have work that is designed and ready for contracting. What they need are the funds and manpower to get the projects contracted. The standard mechanism is to use competitive set-asides to select the contractor and make the award. There are three major problems here:

- A. Time is of the essence, regular procurements take 4-12 months. If there is a protest, then it is longer.
- B. The hours spent by the government to compete a contract is staggering: writing the RFP, answering questions, evaluating the proposals, preparing the basis of award, issuing letters of notice of no award to the losing bidders, debriefing bidders and final negotiations; not necessarily in that order. With a lack of personnel assets and a full workload already it is easy to believe the actual contract issuance would be delayed.
- C. Along with the hours and effort spent comes cost to the project to get an award. These contract preparatory funds decrease the available project funds and can result in down scoping the work and this is just the government's cost. The Contractor's costs can be from \$30-\$100K of a design build proposal. In a tough economy the SDVOBS can ill afford such expenditure in the hope of gaining work.

At this time there is no mechanism available to contracting allowing them to expedite this process on behalf of the SDVOSB. These small businesses desperately need work and need it available as soon as possible.

*A contractual mechanism is needed to expedite contracting to SDVOSB's that would drastically reduce the Time and Cost to both the government and SDVOSB's. While at the same time reduce the amount of effort for the government contracting and engineering staffs.*

There remains an issue of the lack of Contract Specialists and Construction Inspectors. As stated previously the system is stretched to the limit now, therefore adding more requirements will have a negative effect in efficiency. Attracting new employees to the government hasn't had a lot of success currently. Of course qualified applicants are not in great numbers.

One possible means to correct this is to allocate added funding to outsource the added Contract Administration and Inspection functions. This is exactly what has been done at the Pentagon in order to get the work done. By increasing the available staffs, provide a contractual mechanism that would prevent the need for "Bundling". BRAC project "Bundling" was done to expedite the contracting and building process. It is easier to contract and manage one \$50million project than 12 projects for \$2-\$5 million each. Also, as part of BRAC the time to be complete is set and upfront delays directly jeopardize the end date. By doing most of the BRAC projects as Design/Build some time was saved using a "fast track" methodology, but the awards were more difficult. By using the Stimulus Package funds to accomplish the already designed maintenance projects for federal agencies the risk of "BUNDLING" is greatly reduced.

These small maintenance packages ranging from \$50 K to \$3.5 million are just the right size to grow smaller SDVOSB companies. These smaller companies need the little jobs to facilitate maturing of both the company and their work force. Case in point; there was a SDVOSB set-aside competed by the Army Corps where some of the most qualified businesses were disqualified as a result of a technicality and three of the five selected didn't have a bonding program. The company selected couldn't bond the "seed project" and had to team with a large General Contractor for the project. As a result big business is benefiting while the small business pays a heavy price and learns little in the process.

With the bigger projects, \$5-\$15 million, being set-aside for small businesses the larger companies are looking to team or Joint Venture in order to get the work. What really happens is the large business makes all the profit and the small business has nothing to show but corporate experience which might not be all that great. Many of the newer small businesses cannot bond a \$10 million or greater project. The smaller companies need to mature and grow. Right now there aren't projects of the size necessary to support that growth.

*Therefore the small business set-aside program for SDVOSB's is not working as intended.*

Fewer companies are in a position to take advantage of this program due to company maturity and financial position. **ARRIBA** Corporation is most fortunate to be in a position to perform on a \$10 million contract, SDVOSB set-aside on the Pentagon's Multi-Award Construction contract (MACC). This project was initially awarded for \$7 million to build out ARMY Seniors offices some 62,000 square feet, which later included the "Hallway Museum" for ARMY antiquities. Of the five companies awarded a contract under the MACC umbrella there is only one other company that could have handled such a contract without the support of a large General Contractor.







#### **IV. What needs to be done in order to take advantage of the SDVOSB assets for the American Economy?**

The Stimulus Package can be the source of funding needed to develop Small SDVOSB's and at the same time complete many of the already designed renovation or maintenance projects throughout the government. There are numerous packages ready for award at the military bases and the VA Medical Centers. It should be noted that NAVFAC, after the reorganization includes the old organization of Public Works. The Army Corps of Engineers does not encompass the individual base Department of Public Works; and the Air Force has its own CE Squadron performing all of in the facility maintenance.

Other agencies like FEMA and the Coast Guard have similar requirements where they have back logged requirements sitting ready for funds.

When funding is provided for these projects it needs to include additional money for inspector outsourcing. This will take the pressure off the agency to control the work with their limited assets. This applies as well to outsourcing contract administrators. These two items are critical to the efficient and productive use of the funds and the successful completion of these much needed projects.

The next major thing is the expediting of contracts to save both time and money. The VA has language in their Contracting Authority to ensure Sole Source to a SDVOSB for Construction Contracts up to \$3.5 million and service contracts up to \$5 million. This has worked well for the VA and as previously pointed out was used to issue **ARRIBA** a contract for almost \$2 million to design and install security upgrades to five (5) of the VISN 6 facilities.

In order to quickly change the contracting regulation the President could sign an Executive Order directing all Federal Agencies to adopt the verbiage being used by the VA. Here is a way to get pay checks to unskilled, semi-skilled, and skilled workers in an expeditious manner while receiving a tangible product for the funds.

Studies have been done by the ARMY Corps of Engineers and probably NAVFAC which show the length of time it takes to award a competitive contract compared to a Sole Source. Many competitive Construction Contracts have taken 60 to 120 days after submission for award. This does not count the time to draft the RFP nor the 30 days for the contractor to respond. From start to award a ready to go Project Package can easily take 4 to 6 months to award.

Further studies have shown that with the Sole Source Contracts there is far less growth and they generally are completed on time.

Such was the case when **ARRIBA** Corporation was awarded a \$4 million contract to build a Learning Center at Fort Eustis. The project completed on time with a 1% growth. An award of appreciation was presented to the company for this project.

Ft Eustis Learning Center Pictures:





The development of the SDVOSB into a thriving entity, while at the same time putting great numbers of people to work, is the goal of this recommendation. Doing the existing backlog of projects across the Federal Agencies is an opportunity for success.

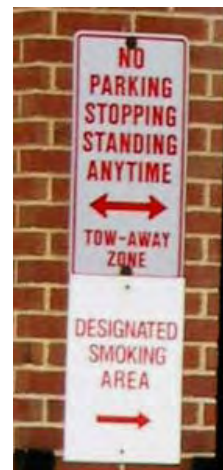
Since there are a wide variety of projects to be done in the public sector and some in the select private sector, the types of worker will be widely diversified. One example of this is work yet to be done at the Washington Hospital Center Campus. This is where The President, Congress & Heads of State receive urgent care treatment.

Two years ago **ARRIBA** made a presentation to Washington Hospital Services (WHS) to perform a Threat Assessment and Risk Analysis, a Design Charrette, and build out the final Security Upgrade. We were chosen to perform the first phase of the project, the Threat Assessment and Risk Analysis. During the Threat Assessment and Risk Analysis all threats and associated risks were evaluated. One special consideration was that dignitaries receive treatment at this facility and security of this facility although important is overshadowed by the security and protection of patients. Once this was complete a report for the Washington Hospital Center, VA Medical Center, Children's National Medical Center and The National Rehabilitation Hospital were presented. Phase 2 was to perform the Design Charrette for the 4 hospital campus complex. Funds were not yet available for the second phase.

Typical Security Issue:



Delivery truck carrying flammable load parked in no parking area



Close-up of sign

# SECURITY ASSESSMENT



*Submitted to:*  
**Washington Hospital Center Campus**



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July 9, 2007



WHS in conjunction with CNMC, NRH, and the VAMC petitioned the Department of Health and Human Services (HHS) and Homeland Security for a grant to complete the work, this grant was received. Phase two commenced with the Design Charrette for the 4 hospital campuses and the grant added Threat and Risk Assessments for 8 additional hospitals in the D.C. area. Upon completion of the Risk Assessment, a Best Practices Forum was held for the National Capitol Region (DC, Virginia, and Maryland) first responders. A related report by Mr. Craig DeAtley “**Hospital Security: An Age-Old Problem Becomes Increasingly Important**” is included as Attachment 1.

The Design Charrette saved almost \$2 million over the original estimate prior to the Threat and Risk Assessment, however, the actual construction/installation of the security upgrade has not happened due to funding. The work to be done is perimeter fencing, gates, way-finding signage, pedestrian control, traffic control, Video (CCTV) surveillance, access control, and campus lighting. This project valued at about \$6million would take several months to complete and would employ numerous skilled and unskilled workers.

In order to fund such a project a stimulus grant could be made available to both HHS and Homeland Security. Again a variety of agencies need funds for projects ready for contracting.

## **Hospital Security: An Age-Old Problem Becomes Increasingly Important**

*Craig DeAtley*

Wednesday, December 03, 2008

The Emergency Department of any major hospital or other healthcare facility is commonly a site of workplace violence – with healthcare or mental health workers being the victims in 12 percent of the cases, according to a 2001 report issued by the U.S. Department of Justice. Long waits, substance abuse, the psychiatric aspects of illnesses or injuries – and/or, in some cases, easy access to weapons – are among the major contributors to the violence that has been reported.

Moreover, simply the *threat* of violence can create anxiety, fear, and decreased job satisfaction, according to a survey discussed earlier this year in the *Journal of Academic Emergency Medicine*. The potential threat of a terrorist attack against hospitals, coupled with the daily violence threat, increases the importance of an effective hospital-security program being developed and in place.

Most if not all hospital-security programs consist of three primary elements: facility architecture, security operations, and technical security measures, according to the “Summary Recommendations” on Hospital Security Best Practices released in

September 2008 by the **ARRIBA** Corporation. A hospital-security program should maintain a balance between the three elements through effective planning and thoughtful execution. The successful program will recognize that the efforts of the security department must be complemented by support from the hospital’s other departments – e.g., the hospital administration, facility planning and engineering, and healthcare departments.

The Joint Commission – which accredits over 80 percent of the nation’s hospitals – has developed and published a number of recommendations in an attempt to help hospitals address the security issue. These requirements include but are not limited to: (a) the development and maintenance of a hospital Security Management Plan; (b) the scheduling and conduct of an annual risk assessment; (c) the implementation of various access-control and physical-

***The evaluation process included site visits to each facility, meetings with various hospital personnel, and a comprehensive review of site plans, building plans, and security policies and procedures***

protection measures; and (d) the development of an effective education and training program for hospital employees.

### ***IAHSS Standards, an HHS Grant, and NCR Assessments***

The International Association for Healthcare Security and Safety (IAHSS) also has published some helpful guidelines, which are followed by the directors of a number of healthcare facilities. The IAHSS standards address such important (but frequently overlooked) topics as hospital identification badges, the training of personnel, and record keeping.

In response to the growing threats of violence, coupled with the fear of a possible terrorist attack, hospitals in the District of Columbia recently completed a comprehensive security risk assessment. That assessment, carried out under a U.S. Department of Health and Human Services (HHS) Coalition Partnership Grant, analyzed the threat environment of twelve hospitals in the D.C. area and focused on security measures that support facility operations not only during daily operations but also in the aftermath of a major incident. The assessment was conducted by a highly respected security contractor over a six-month period of time. The evaluation process included site visits to each facility, meetings with various hospital personnel, and a comprehensive review of site plans, building plans, and security policies and procedures. Each facility received an individualized summary report identifying the facility's principal risk concerns and specific corrective recommendations.

Also included as part of the grant deliverable were: (1) the publishing of a Hospital Security Best Practices Summary Recommendations document; and (2) a discussion of its contents – at a day-long Hospital Security Best Practices Forum attended by hospital security directors and local law-enforcement officials from throughout the National Capital Region.

Particularly prominent in the Best Practices Summary are recommendations to:

- Use perimeter fencing in high-crime-risk areas to deter and prevent unwanted access to the site (fence lines provide psychological as well as physical barriers);
- Use CPTED (Crime Prevention Through Environmental Design) concepts both to define the site and sense of place and to maintain clear lines of sight;
- Maintain exterior lighting levels that are in compliance with the levels recommended by IAHSS;

- Minimize the “secondary” use of fire and emergency exit doors for building access through policy enforcement, the monitoring of secondary doors through alarm and access-control systems, and guard-force patrols;
- Use vehicle access-control measures to limit passenger as well as truck access to the site – and, when and where possible, segregate both passenger and truck traffic;
- Use crash-rated drop-arm gates to control access to areas that enclose critical infrastructure facilities;
- Design bus routes and stops to minimize potential threats and ensure clear and unobstructed access to facility entrances (the traffic patterns for bus stops should allow for convenient pedestrian access but not be permitted to block building entrances; in addition, alternate bus circulation routes should be preplanned to accommodate measures instituted during critical-response situations);
- Establish a door, and door-hardware, maintenance program that includes frequent inspections, mandates the use of properly rated hardware in high-traffic areas, and requires the installation of door guards at loading docks and/or in areas where “push” vehicles or devices are used to move material; and
- Last, but of perhaps the greatest importance, design Emergency Department facilities to support security needs and operations.

Among the specific design measures emphasized are the building and designation of “holding rooms” for mentally ill or forensic patients, the provision of reasonable levels of protection for service counters, and the integration of strategically located guard posts within the Emergency Department. The design recommendations also include an important “Thou Shalt Not” mandate: Namely, do *not* collocate critical infrastructures such as oxygen plants and medical gas storage areas near emergency department entrances or decontamination areas.

To briefly summarize: Security has become increasingly important to the nation’s hospitals as they attempt to cope with the already large and still growing threats posed by workforce violence and potential acts of terrorism. The enhanced security efforts already adopted by many hospitals center on a broad spectrum of architectural, operational, and technical considerations – including, but not limited to, many of the specific design features mentioned above.